

CHAPTER 13
DEPOSIT AND SECURITY OF PUBLIC FUNDS IN BANKS

781—13.1(12C) Scope and transition procedures.

13.1(1) Iowa Code chapter 12C grants authority to the treasurer of state to establish administrative rules and procedures to implement a system for securing deposits of public funds in banks, savings and loans and credit unions, through the pledge of eligible collateral. Prior to the passage of 1992 Iowa Acts, chapter 1156, the provisions for securing uninsured public funds in banks, savings and loans and credit unions were contained in 781—Chapter 3. Because of the need for a transition period from the time the administrative rules required by 1992 Iowa Acts, chapter 1156, become effective and the time at which financial institutions can comply with those new rules, this chapter has been created to contain rules which shall apply to the system for securing deposits of public funds in Iowa banks under the requirements of 1992 Iowa Acts, chapter 1156.

13.1(2) A bank designated as an approved depository under 781—Chapter 3 shall have until January 31, 1993, to become an approved bank under the provisions of this chapter. Until such time that a bank designated as an approved depository under 781—Chapter 3 receives notice from the treasurer that it has been designated as an approved bank under the provisions of this chapter, the rules contained in 781—Chapter 3 shall apply to any uninsured public funds on deposit with that bank. Any bank designated as an approved depository under 781—Chapter 3 which has not been designated as an approved bank under this chapter on January 31, 1993, shall not be eligible to hold public funds deposits in excess of federal insurance amounts after that date until it is approved under this chapter. Any bank not currently designated as an approved depository under 781—Chapter 3 must be approved under this chapter to be eligible to accept uninsured public deposits.

781—13.2(12C) Definitions. As used in this chapter:

“Approved bank” means a bank, as defined in Iowa Code section 12C.1, subsection 2, which has been approved under this chapter by the treasurer of state to receive deposits of public funds in excess of federal insurance coverage.

“Approved custodian” means a financial institution having facilities for the safekeeping of securities which has been approved under this chapter by the treasurer of state to serve as the treasurer’s agent in safekeeping collateral pledged to the treasurer of state to secure uninsured public deposits.

“Eligible collateral” shall mean any of the following:

1. Direct obligations of or obligations that are insured or fully guaranteed as to principal and interest by the United States of America or an agency or instrumentality of the United States of America and is issued in book-entry form and is eligible to be held by a federal reserve bank. This includes: treasury bills, bonds, and notes; bonds and notes issued by FNMA, FFCB, SLMA, FHLMC, FHLB, TVA, Export Import Bank, REFCO or FICO. Mortgage-backed securities issued by GNMA, FHLMC or FNMA are eligible collateral provided that such securities are specific mortgage pools and are not collateralized mortgage obligations (CMOs).

2. Investments in an open-end management investment company registered with the federal Securities and Exchange Commission under the federal Investment Company Act of 1940, 15 U.S.C. Section 80(a), which is operated in accordance with 17 CFR Section 270.2a-7, provided that prior to the use of such collateral the approved bank receives written consent from the treasurer to use such collateral. The approved bank shall provide all information requested by the treasurer to enable the treasurer to determine whether the treasurer’s security interest in the investments can be perfected.

3. Investments in an investment company or investment trust registered under the federal Investment Company Act of 1940, 15 U.S.C. Section 80(a), the portfolio of which is limited to direct obligations of, or obligations that are insured or fully guaranteed as to principal and interest by the United States of America or an agency or instrumentality of the United States of America, provided that prior to the use of such collateral the approved bank receives written consent from the treasurer to use such

collateral. The approved bank shall provide all information requested by the treasurer to enable the treasurer to determine whether the treasurer's security interest in the investments can be perfected.

4. Cash shall be considered eligible collateral.

"Letter of Credit" shall mean a nontransferable Letter of Credit, upon which the payment of principal and interest is fully secured or guaranteed by the United States of America or an agency or instrumentality of the United States of America, and the accompanying Letter of Credit agreement, which are contained on Form 655-0198. The Letter of Credit shall be issued for a maximum amount equal to the minimum collateral market value amount calculated in the Annual Public Funds Report and shall have an expiration date approved by the treasurer.

"Market value" means the value of a pledged security calculated using the average of the closing bid and ask price from a nationally recognized pricing source (including but not limited to the Wall Street Journal, Bloomberg Financial Markets, Telerate, Reuter's, or a nationally recognized broker dealer). Market value does not include accrued interest.

"Minimum collateral market value amount" means the minimum dollar amount of eligible collateral, measured by market value, which must be pledged by an approved bank to the treasurer to secure the repayment of uninsured public funds held by the approved bank and for satisfying any future assessment made against the approved bank by the treasurer pursuant to Iowa Code chapter 12C, or the amount of a Letter of Credit provided in lieu of eligible collateral to secure uninsured public funds. This amount shall be annually certified to the treasurer in the Annual Public Funds Report.

"Pledged collateral" or *"Pledged securities"* means eligible collateral pledged by the approved bank under the Security and Custodial Agreement for the Deposit of Public Funds in Banks and any collateral additions or substitutions thereto evidenced by a joint receipt of custody.

"Public units." The state of Iowa, its cities, counties, school districts and all other political subdivisions of the state are public units under this chapter, including but not limited to the following entities:

1. Cities.
2. Transit authorities.
3. Municipal utilities, including jointly owned.
4. Public libraries, city and regional.
5. Municipal housing programs.
6. Solid waste agencies.
7. Waterworks.
8. City cemeteries.
9. County offices including treasurers, recorders, clerks of court, sheriffs and auditors.
10. Townships.
11. County fair boards.
12. Regional planning agencies.
13. County care facilities.
14. County hospitals.
15. County conservation boards.
16. Sanitary districts.
17. Treasurer of state.
18. Iowa beer and liquor control department.
19. Iowa department of transportation.
20. Judicial district department of correctional services.
21. Iowa finance authority.
22. Iowa family farm development authority.
23. Iowa railway finance authority.
24. State board of regents.
25. State fair board.
26. State commerce commission.

27. State racing commission.
28. Iowa college student aid commission.
29. Iowa higher education loan authority.
30. School districts.
31. Area education agencies.
32. Community action programs.
33. Community colleges.

Federal agencies, or political subdivisions thereof, are not public units under this chapter. Cooperatives, police and fire pension funds deposited for the benefit of the beneficiaries and fully covered by federal insurance, and bond sinking funds deposited pursuant to a bond covenant and which are fully covered by federal insurance are not public units.

“Rate-setting letter” means the monthly mailing of minimum deposit rates to public units by the rate-setting committee.

“Treasurer” as used in this chapter shall mean the treasurer of the state of Iowa.

“Uninsured public funds” or *“Uninsured public deposits”* means funds deposited by a public unit which are not federally insured, together with any accrued interest thereon.

781—13.3(12C) Forms. The following forms, as promulgated by the treasurer, shall be utilized by approved banks in connection with the operation of this chapter:

1. Security and Custodial Agreement for the Deposit of Public Funds in Banks (Form 655-0191).
2. Annual Public Funds Report (Form 655-0190).
3. Certification and Approval Form for the Withdrawal, Substitution or Addition of Pledged Securities (Form 655-0192).
4. Joint Receipt of Custody (Form 655-0193).
5. Statement of Accounts (Form 655-0140).
6. Public Depositor Claim Form (Form 655-0138).
7. Release by Public Depositor (Form 655-0139).
8. Deposit Agreement (Form 655-0204).
9. Letter of Credit (Form 655-0198).

781—13.4(12C) Requirements for becoming an approved bank. A bank, prior to the acceptance of any uninsured public funds, must be designated an “approved bank” by the treasurer. To be designated as an approved bank, a bank must:

1. Complete and submit a Security and Custodial Agreement for the Deposit of Public Funds in Banks (Form 655-0191) to the treasurer or deliver a Letter of Credit (Form 655-0198) to the treasurer.
2. Complete and submit the Annual Public Funds Report (Form 655-0190) to the treasurer.
3. Deposit eligible collateral with the treasurer’s approved custodian which has a total market value of not less than the minimum collateral market value amount certified in the Annual Public Funds Report (Form 655-0190), or deliver a Letter of Credit (Form 655-0198) to the treasurer.
4. Have a copy of the bank’s Community Reinvestment Act form on file with the treasurer.
5. Ensure that it has entered into a Deposit Agreement (Form 655-0204) with each public unit that deposits uninsured funds in the bank.

781—13.5(12C) Duties of an approved bank.

13.5(1) An approved bank shall grant a security interest to the treasurer in all pledged collateral to secure the repayment of uninsured public funds held by the approved bank and for satisfying any future assessment made against the approved bank by the treasurer pursuant to Iowa Code chapter 12C, or deliver to the treasurer a Letter of Credit (Form 655-0198). The approved bank shall take all steps necessary to ensure that the treasurer has a valid, perfected, enforceable, first priority security interest

in any pledged collateral. This security interest shall be perfected by entering into a security agreement with the treasurer and by transferring the eligible collateral to the treasurer's approved custodian.

13.5(2) An approved bank shall annually submit, no later than the fifteenth day of January of each year, a completed Annual Public Funds Report (Form 655-0190) to the treasurer. The report will document and certify the calculation of the minimum collateral market value amount to the treasurer.

13.5(3) An approved bank shall deliver eligible collateral to an approved custodian with a total market value of not less than the minimum collateral market value amount, or deliver to the treasurer a Letter of Credit (Form 655-0198). At all times, an approved bank shall have eligible collateral on deposit with the approved custodian which has a total market value of not less than the minimum collateral market value amount certified in its most recent Annual Public Funds Report to the treasurer, or have delivered to the treasurer a Letter of Credit (Form 655-0198).

13.5(4) If the filing of a new Annual Public Funds Report, which is required to be performed and submitted to the treasurer no later than January 15 of each year, indicates that the minimum collateral market value amount has increased from the prior year, the bank shall either deliver additional eligible collateral to the approved custodian or cause to be issued and delivered to the treasurer a Letter of Credit with the necessary maximum amount no later than January 31.

13.5(5) An approved bank shall promptly forward to the approved custodian payment for fees associated with the approved custodian's services as safekeeping agent upon receipt of a statement from the approved custodian.

13.5(6) An approved bank shall not utilize the services of an approved custodian in which it owns an interest, directly or indirectly; controls or has the power to exercise a controlling influence over approved custodian's directors, management or policies; or utilize an approved custodian which is an office of the approved bank or a subsidiary of the same bank holding company of which the approved bank is a subsidiary.

13.5(7) An approved bank shall not use the safekeeping services of more than one approved custodian for the purposes of meeting the safekeeping requirements of this chapter.

13.5(8) An approved bank shall notify the treasurer and the approved custodian, in writing, of any change in its name or home office location, prior to the effective date of such change.

13.5(9) A bank shall demonstrate a commitment to serve the needs of the local community in which it is chartered to do business and shall annually submit a copy of the bank's Community Reinvestment Act form to the treasurer as a prerequisite of being designated or maintaining its designation as an approved bank.

13.5(10) An approved bank shall provide its approved custodian with proper instructions for the delivery of cash or securities which the treasurer has authorized the approved custodian to release to the approved bank.

781—13.6(12C) Requirements for becoming an approved custodian.

13.6(1) A trust department of a commercial bank may petition the treasurer to be designated an approved custodian to hold pledged securities of an approved bank for the treasurer. The treasurer will annually accept such petitions from March 1 through March 31.

13.6(2) Commercial banks located outside the state of Iowa are eligible to serve as approved custodians under the same criteria applicable to banks located within the state of Iowa. However, banks located outside the state of Iowa must also submit with their petition to become an approved custodian a legal opinion prepared by counsel licensed to practice in the state in which the bank is principally located regarding the compatibility of Iowa Code chapter 554 with the uniform commercial code of the state in which the bank is principally located.

13.6(3) To be designated as an approved custodian, a commercial bank must be capable of maintaining book entry accounts with a federal reserve bank and must be capable of safekeeping eligible collateral.

13.6(4) An approved custodian shall not hold collateral for any approved bank in which it owns an interest, directly or indirectly; controls or has the power to exercise a controlling influence over the

approved bank's directors, management or policies; or if the approved custodian is a subsidiary of the same bank holding company of which the approved bank is a subsidiary.

13.6(5) An approved custodian approved under 781—Chapter 3 is automatically approved under these rules provided that it signs the Security and Custodial Agreement for the Deposit of Public Funds in Banks (Form 655-0191) with each approved bank and the treasurer.

781—13.7(12C) Duties of the approved custodian.

13.7(1) An approved custodian shall enter into a Security and Custodial Agreement for the Deposit of Public Funds in Banks (Form 655-0191) with the treasurer and each approved bank pledging collateral.

13.7(2) An approved custodian shall accept only eligible collateral.

13.7(3) An approved custodian shall segregate all collateral, maintaining open, notorious, continuous, active and exclusive possession of the collateral for the benefit of the treasurer.

13.7(4) An approved custodian shall permit the withdrawal or substitution or addition of pledged securities only upon receipt of a Certification and Approval Form for the Withdrawal, Substitution or Addition of Pledged Securities (Form 655-0192), which contains the signatures of authorized persons representing the approved bank and the treasurer. Receipt of the authorization by facsimile transmission shall be adequate documentation to allow the approved custodian to release or accept pledged securities. The approved custodian shall implement procedures for documenting signatures of authorized persons of an approved bank and the treasurer.

13.7(5) An approved custodian shall issue a Joint Receipt of Custody (Form 655-0193) to the treasurer and the approved bank each time that an approved bank substitutes new securities for pledged securities or an approved bank pledges additional pledged securities.

13.7(6) An approved custodian shall establish a fee schedule for its services and shall annually provide a copy of the schedule to the treasurer. Any and all such fees shall be the responsibility of, and be billed directly to, the respective approved bank.

13.7(7) In the event that the treasurer notifies an approved custodian of the default of an approved bank, it shall thereafter act only upon the treasurer's instructions with regard to any pledged securities.

13.7(8) An approved custodian shall, no later than the twentieth day following the end of a calendar quarter, provide a written report to the treasurer. The following items shall be provided for each approved bank for which it serves as approved custodian:

a. The approved bank's name and its location.

b. An inventory of all pledged securities as of the last day of the calendar quarter, sorted by approved bank, which provides the CUSIP (the industry's numerical identification code given to each class and issue of security), par amount, maturity date, and coupon of each security pledged by the approved bank. The report shall include the original face amount and the current principal amount of any mortgage-backed security pledged by an approved bank.

c. The total par value of all pledged securities as of the last day of the calendar quarter for the approved bank.

781—13.8(12C) Withdrawals, substitutions, and additions of pledged collateral.

13.8(1) Any request by an approved bank for the withdrawal of a pledged security, or the substitution of an unpledged security for a pledged security, or the addition of pledged collateral shall be made to the treasurer using the Certification and Approval Form for the Withdrawal, Substitution or Addition of Pledged Securities (Form 655-0192).

13.8(2) Any request by an approved bank to withdraw pledged securities or to substitute securities which will result in a total market value of less than the minimum collateral market value amount for any period of time shall be denied.

13.8(3) The treasurer, upon receipt of a request to withdraw or substitute pledged securities and upon verification that such a transaction will not result in a total market value of pledged collateral of less than the minimum collateral market value amount, shall notify the approved custodian and autho-

alize the transaction. The treasurer's authorization may be in the form of sending the executed Exhibit B by facsimile transmission or by first-class mail to the approved custodian. Any authorization by facsimile will be followed by the treasurer mailing the Exhibit B to the approved custodian.

13.8(4) The approved custodian will issue a Joint Receipt of Custody (Form 655-0193), to the treasurer and to the approved bank evidencing the substitution for or the addition of pledged collateral under the security agreement between the treasurer and the approved bank.

13.8(5) If a pledged security matures, then the principal amount of the cash must be held in trust by the approved custodian for the treasurer until the treasurer receives and approves a request from the approved bank to release the cash and authorizes the release of the pledged collateral.

13.8(6) An approved bank may make a request for the withdrawal, substitution or addition of pledged securities of the treasurer by sending the completed Form 655-0192 to the treasurer by facsimile transmission. However, the request must be followed by the original specimen of Form 655-0192 within five days or no further requests will be approved until the original specimen in question has been received by the treasurer.

13.8(7) An authorization to an approved custodian by the treasurer for the withdrawal or substitution of pledged securities of an approved bank is conditional upon the custodian receiving proper delivery instructions from the approved bank for the pledged collateral being released. Furthermore, the authorization by the treasurer for the release of a pledged security in a transaction in which a substitute security is to be pledged in lieu of a pledged security which is being withdrawn is conditional upon the custodian receiving the substitute collateral before releasing the pledged collateral.

13.8(8) Under no circumstance shall the treasurer be liable for any loss incurred to an approved bank for failing to release pledged collateral. The treasurer is not liable for any loss incurred by an approved bank as a result of the approved bank's failure to substitute new securities for any pledged securities which mature.

781—13.9(12C) Eligible collateral provisions.

13.9(1) Pledged collateral shall be one or more of those securities specified in 781—13.2(12C), definition of "eligible collateral," and shall be acceptable to the treasurer and the approved custodian.

13.9(2) The acceptance of a security as collateral by the approved custodian does not prevent the treasurer from requiring substitution of said security at a later time as a result of statutory amendment or other changes which affect the valuation, marketability, liquidity, ownership, or perfectibility.

781—13.10(12C) Termination of approved custodian designation.

13.10(1) An approved custodian may request that the treasurer remove it from the approved custodian list. Following such a request, all Security and Custodial Agreements for the Deposit of Public Funds in Banks (Form 655-0191) shall terminate pursuant to the terms of those agreements. Following the termination of all of those agreements according to their terms, the treasurer shall remove the approved custodian from the approved custodian list.

13.10(2) If, in the opinion of the treasurer, an approved custodian has failed to fulfill its duties as set out in the Security and Custodial Agreement for the Deposit of Public Funds in Banks (Form 655-0191) or as required by applicable law and these rules or the approved custodian appears unable to perform as required in the future and, in the opinion of the treasurer, the failure or potential failure would reasonably be expected to jeopardize the treasurer's or a depository's interest in the pledged collateral, the treasurer may immediately suspend an approved custodian's designation as an approved custodian. The treasurer shall provide the suspended bank with written notice of its suspension. Upon suspension all collateral held by the suspended custodian shall be immediately transferred to a successor custodian designated in writing by the approved banks and the treasurer. Following any such suspension, the treasurer shall provide the suspended custodian with an opportunity for a hearing prior to revocation of the bank's designation as an approved custodian.

781—13.11(12C) Sale or merger of an approved custodian.

13.11(1) The responsibilities and duties of an approved custodian pursuant to the Security and Custodial Agreement for the Deposit of Public Funds in Banks (Form 655-0191), applicable laws and these rules shall not be altered by any merger, takeover or acquisition, except to the extent that such duties are, with the written consent of the treasurer, assumed by the successor entity.

13.11(2) If an approved bank acquires direct or indirect ownership of its approved custodian, or the approved custodian acquires direct or indirect control of an approved bank for which it is holding collateral, or if a holding company will become owner of both the approved custodian and the approved bank, the approved custodian shall immediately notify the treasurer and upon written direction of the treasurer, the approved custodian shall transfer all pledged collateral to a successor custodian.

781—13.12(12C) Termination of “approved bank” designation.

13.12(1) At its request an approved bank shall be removed from the approved bank list. Following such a request the applicable Security and Custodial Agreement for the Deposit of Public Funds in Banks (Form 655-0191) shall terminate pursuant to the terms of the agreements. Prior to termination of the agreement all public funds in excess of federal insurance coverage deposited with the approved bank, plus interest, shall be remitted to the applicable public unit(s). If, however, public funds are held by the approved bank in time deposits or other accounts which provide for penalties in the event of early withdrawal, the approved bank shall maintain and continue such accounts, and shall maintain the required pledged collateral with the approved custodian until all such deposits mature. Following termination of the agreement the treasurer shall remove the approved bank from the approved bank list.

13.12(2) In the event that an approved bank’s applicable federal deposit insurance is suspended or terminated, the approved bank must notify the treasurer and the approved custodian immediately and shall automatically be removed from the approved bank list, and all public funds held by the approved bank shall be returned along with any accrued interest thereon to the respective public unit(s) within one business day of the suspension of the insurance without demand or any other action by the public unit(s).

13.12(3) If, in the opinion of the treasurer, an approved bank has failed to fulfill its duties as set out in the Security and Custodial Agreement for the Deposit of Public Funds in Banks (Form 655-0191) or as required by applicable law and these rules or the approved bank appears unable to perform as required in the future, and in the opinion of the treasurer, the failure or potential failure would reasonably be expected to jeopardize the uninsured public funds deposited in the approved bank or the overall pledging program, the treasurer may immediately suspend an approved bank’s designation as an approved bank. The treasurer shall provide the suspended bank with notice of its suspension. Upon suspension, all public funds held by the approved bank in excess of federal deposit insurance shall be immediately returned, with interest, to the applicable public unit(s). Following suspension, the treasurer shall provide the suspended bank with an opportunity for a hearing prior to revocation of the bank’s designation as an approved bank.

13.12(4) Public units shall be notified of the termination or suspension of an approved bank by notices included in the monthly rate-setting letter.

781—13.13(12C) Sale or merger of an approved bank.

13.13(1) The responsibility of an approved bank to pledge collateral for the security of uninsured public funds in banks shall not be altered by any merger, takeover or acquisition, except to the extent that such duty is assumed by the successor entity. No assets shall be released to the successor entity until collateral of an equal value is substituted or all uninsured public funds are withdrawn from the successor entity.

13.13(2) An approved bank shall notify the treasurer and the approved custodian, in writing, of its merger, takeover or acquisition by a successor entity prior to the effective date of such an event.

781—13.14(12C) Procedures upon default of an approved bank.

13.14(1) The acceptance of uninsured public funds and the pledging of securities as collateral by an approved bank or the delivery of a Letter of Credit to the treasurer constitutes consent by the approved bank to assessments and liquidation of pledged collateral or to draw on the Letter of Credit by the treasurer of state in accordance with Iowa Code chapter 12C, and the rules contained in this chapter.

13.14(2) The treasurer may liquidate the pledged securities of an approved bank or draw on the Letter of Credit delivered to the treasurer by an approved bank if the treasurer verifies that any of the following have occurred: A public unit notifies the treasurer, or the treasurer determines as to the deposit of state funds that an approved bank has failed to pay a check, draft or warrant drawn by a public officer or has failed to account for a check, draft, warrant, order or certificate of deposit; an approved bank has acted contrary to the terms of an agreement between the approved bank and the public unit or the treasurer; or the approved bank has failed to pay an assessment by the treasurer as permitted in Iowa Code chapter 12C.

13.14(3) In the event that an approved bank is closed by any state or federal regulatory officials, the treasurer may proceed to liquidate the securities pledged as collateral by the closed approved bank or to draw on the Letter of Credit delivered to the treasurer by an approved bank, notwithstanding the purchase and assumption of the closed approved bank and the provisions of subrule 13.9(1), and without the necessity of notice to the closed approved bank, a successor receiver or an assuming entity. When an approved bank accepts public deposits by pledging eligible collateral to the treasurer, the approved bank acknowledges and agrees that in the event of its closure, securities pledged as collateral are subject to unconditional sale by the treasurer, with this condition and covenant inuring to any receiver or successor in interest to the closed approved bank.

13.14(4) In the event the deposits of a closed approved bank are not purchased and assumed by another approved bank, the public units with uninsured deposits in the approved bank shall notify the treasurer of state of the amount of any claim within 30 days of the closing. The treasurer of state shall implement the following procedures:

a. The treasurer shall take such steps as necessary to establish control over the pledged collateral.

b. The treasurer shall provide each public unit which has contacted the treasurer with a Statement of Accounts (Form 655-0140); a Public Depositor Claim Form (Form 655-0138); and a Release by Public Depositor (Form 655-0139). Included with these forms shall be instructions for completing and filing them and specific date of when claims will be paid by the treasurer of state.

c. It shall be the duty and responsibility of each public unit with a potential claim to complete the above forms in cooperation with regulatory officials handling the closing of the depository and to receive the signed confirmation of such officials as to the amount of the claim. The Statement of Accounts shall include the balances of all accounts on the date of closing, any amounts reimbursed by federal insurance coverage, and all interest accrued, at the applicable rate, on unreimbursed balances to the date of payment of claims. The Statement of Accounts and the Public Depositor Claim Form must be returned to the treasurer within 30 days of the date of the closing of the depository or from the date of receipt from the treasurer.

d. In cooperation with the responsible regulatory officials for the closed approved bank and the receipt of all Statements of Accounts and Public Depositor Claim Forms, the treasurer shall validate the amount of public funds on deposit at the closed approved bank and the amount of deposit insurance applicable to the deposits.

e. The treasurer shall request that warrants be drawn on the state sinking fund for public deposits in banks to reimburse the public units which have a verified claim.

f. Upon the specified date of payment of claims, warrants for the amounts of verified claims shall be delivered to the public units. The public unit shall sign and deliver the Release by Public Depositor to the treasurer prior to receiving a warrant.

13.14(5) If the applicable deposit insurance, the sale of pledged securities or the funds received from drawing on the Letter of Credit, and the assets of the approved bank which are liquidated within 30 days of the closing of the approved bank are not sufficient to satisfy the loss to public units, then the

treasurer shall obtain the additional amount needed to satisfy all remaining claims from the state sinking fund for public deposits in banks.

13.14(6) If the funds in the sinking fund for public deposits in banks are inadequate to cover the remaining loss, the treasurer shall make assessments against all remaining banks whose public funds deposits exceed federal deposit insurance coverage to satisfy the remaining loss. The assessment against each bank shall be calculated pursuant to Iowa Code chapter 12C, and shall be paid by each bank to the treasurer within three business days of the bank's receipt of the treasurer's written assessment notice. If a bank refuses or fails to pay its assessment when due, the treasurer shall satisfy the assessment in whole or in part by selling the pledged securities of that bank or drawing on the Letter of Credit which was delivered by that bank.

13.14(7) If a bank refuses or fails to pay an assessment and the sale of the pledged securities of that bank or the funds received from drawing upon the Letter of Credit provided by that bank are not sufficient to satisfy the assessment, the treasurer shall make additional assessments as necessary against other banks which hold uninsured public funds to satisfy any unpaid assessment. Additional assessments shall be determined, collected and satisfied in the same manner as the first assessment.

781—13.15(12C) Procedures when a federal reserve bank acts as an approved custodian. Reserved.

These rules are intended to implement Iowa Code chapter 12C.

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